

BANK OF AMERICA

NATIONAL **TRUST &** ASSOCIATION
SAVINGS

CALIFORNIA

1939

T. H. JONES & CO.

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Bank of America National Trust and Savings Association

Is the fourth largest bank in the United States; largest bank outside of New York City; ninth largest bank in the world.

Carries the largest total of loans and discounts of any bank in the United States.

Has the largest number of savings accounts.

Operates the largest number of branches.

Is the largest lender on F. H. A. loans.

Has the largest number of depositors' accounts (2,200,000, or one account to each three persons in California).

Has the largest number of stockholders.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

History

On October 17, 1904, A. P. Giannini opened a bank, in one room of a building in San Francisco, with \$150,000 capital and surplus, and barely \$200,000 in total resources. Today, known throughout the world, Bank of America National Trust and Savings Association has total resources of over \$1,500,000,000; capital stock of \$50,000,000 and surplus and undivided profits of over \$67,000,000.

The ability, integrity and personality of Mr. Giannini contributed in great measure to the rapid growth of the Bank. His policy after the disaster of 1906 gained a host of friends for his Bank. He aided in removing the records and money from the burning bank building; then, from new quarters, he loaned freely to victims of the fire.

Deposits and resources increased rapidly after that year. The Bank established its first branch in the "money panic" year of 1907. From 1909 onward, many branches were established, or acquired by merger with other banks. The attached tables tell of exceptional growth. This growth was unchecked until the depression years — 1930, 1931 and 1932 — but the gains were resumed in 1933 and at the end of 1938, Bank of America resources were the highest in its history.

Branch Banking

Bank of America was the pioneer of branch banking in the United States. Today, with 495 branches (in 307 communities of California) it has more branches than any other single bank in the United States.

Loan Policy

The policy of Bank of America from its inception in 1904 has been to "provide the soundest type of credit best suited to the need of every individual and of every established business no matter how large or small."

This policy resulted in the Bank's actually advertising for good borrowers in 1907 during the "money panic" when it was paying out gold on demand.

First Place in Loans

At the end of 1938, Bank of America reported a larger total of Loans and Discounts than any other bank in the United States. It reported a further increase as of June 30, 1939. A comparative table on another page shows the loans of Bank of America and certain other large banks.

Earnings

Net earnings of Bank of America, reported in recent years, have steadily increased, with a new high record of \$14,554,000 established in 1938, after all adjustments and reserves. This is equal to \$3.64 a share.

Earning Prospects

Through its many branches Bank of America is in an excellent position to lend its funds in line with the seasonal demands of agriculture, mining, commerce and industry, thus greatly reducing risks.

The diversification of the Bank's loans is evidenced by the fact that it lends to the following industries in California—wine, fish, fruit, moving picture, building and construction, petroleum, lumber, cement, canning, cotton, wheat, chemical, poultry, dairy products, shipping, mining and aviation. As an example, the Bank engages in financing agriculture from the seed, through harvesting, jobbing and final collection of invoices against bills of lading on shipment to all parts of the world.

The instalment credit loan department which was started by the Bank in the year 1935, has shown rapid growth, and contributes considerably to the earnings of the Bank. The recent total of these loans outstanding was in excess of \$100,000,000.

Its Time-plan loans average about \$330 each on automobile loans and \$210 each on other loans. On small loans, losses have been only about one dollar in each thousand.

Bank of America being predominantly a savings institution, naturally makes more time loans than the ordinary commercial bank, and thereby receives a commensurately higher rate of interest.

Of approximately \$368,000,000 loans on real estate about \$118,000,000 are fully insured with the Federal Housing Administration. The Bank's average per real estate loan is about \$4,000. This is another example of its policy of diversification.

Between 85 and 90 per cent in amount as well as in number of real estate loans are on city property, of which in turn approximately 75 per cent in number and about 76 per cent in amount are on residences.

The Bank has steadily increased its earnings from its trust department, rental of part of its many bank buildings, foreign exchange, letters of credit, collections, travelers checks, safety deposit boxes, and foreign services.

Investment Merit

Bank of America stock has strong investment appeal.

Statistics of this and certain other large banks follow.

At present prices, Bank of America stock provides an excellent return, based on current annual dividends of \$2.40 per share.

On November 25, 1938, the Securities and Exchange Commission released an order for a public hearing under section 19 (a) (2) of the Securities Exchange Act of 1934 to determine whether the registration of Transamerica Corporation capital stock should be suspended or withdrawn. Bank of America is not a party to this proceeding but several of the allegations of the Commission dealt with the information Transamerica furnished concerning the Bank's earning statements and balance sheets for 1934, 1935 and 1936. The case is still pending and will probably not be concluded for some time. A complete copy of the order can be obtained from the Securities and Exchange Commission, Washington, D. C.

The information contained in statistical tables 1 to 11 inclusive was obtained from—(1) Reports of Bank of America National Trust and Savings Association, and official statements of various other banks; (2) Standard Statistics Co., Inc., services; (3) Fitch Publishing Co. services.

New York, June 30, 1939.

TABLE 1

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

CONDENSED STATEMENT OF CONDITION JUNE 30, 1939:

RESOURCES

Cash in vault and in Federal Reserve Bank	\$ 157,749,988.83
Due from banks	70,158,283.11
Securities of the United States Government and Federal Agencies	398,637,286.14
State, County and Municipal bonds	126,805,996.64
Other bonds and securities	37,696,730.97
Stock in Federal Reserve Bank	2,760,000.00
Loans and Discounts	695,102,388.44
Accrued interest and accounts receivable	6,151,784.66
Bank Premises, furniture, fixtures and safe deposit vaults	34,636,313.32
Other real estate owned	5,708,000.21
Customer's liability on account of letters of credit, accept- ances and endorsed bills	13,629,996.48
Other resources	787,491.29
Total Resources	\$ 1,549,824,260.09

LIABILITIES

Capital	\$ 50,000,000.00
Surplus	43,000,000.00
Undivided profits	24,370,689.81
Reserve	1,803,387.51
Reserve for interest, taxes, etc.	596,487.01
Reserve for interest received in advance	7,397,591.81
Liability for letters of credit and as acceptor, endorser or maker on acceptances and foreign bills	14,349,314.64
Deposits Demand 600,790,189.32	1,408,306,798.31
Savings and time 807,516,608.99	
Total Liabilities	\$ 1,549,824,260.09

This statement includes the figures of the London, England, Banking Office.

TABLE 2

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

1938 INCOME ACCOUNT

The main items of the Bank of America National Trust and Savings Association income account for the year ending December 31, 1938, are summarized from the President's annual report to the stockholders, as follows:

Income from loans	\$ 33,262,000	
Income from security investments	24,183,000	
Service charges, trust fees, etc.	8,214,000	
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Total Income		\$ 65,659,000
Salaries	15,515,000	
Interest paid to depositors	12,440,000	
Other expenses	12,082,000	
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Total operating costs		40,037,000
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Net Earnings		\$ 25,622,000
Reserved for depreciation, amortization of bond premiums, etc.	3,639,000	
Reserved for reduction of carrying value of assets	6,253,000	
Profit sharing bonus for employees	1,176,000	
		<hr/>
Total adjustments		\$ 11,068,000
		<hr/>
Net income		14,554,000
Dividends paid		9,600,000
		<hr/>
Added to Capital funds		\$ 4,954,000

TABLE 3

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
EARNINGS PER SHARE IN RECENT YEARS

Earnings per share of Bank of America National Trust and Savings Association have been reported as follows:

	Net Before Adjustments	Net After All Adjustments
1935	\$ 4.07	\$ 2.42
1936	5.63	3.04
1937	4.80	3.22
1938	6.41	3.64
first half 1939	3.69	2.03

These earnings are figured upon the present capitalization of 4,000,000 outstanding shares. The only change in the capital stock during the above years was the two for one split-up in 1937 when the par value per share was reduced from \$25. to \$12.50.

TABLE 4

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
DIVIDEND RECORD

The first dividend was paid in 1905, fourteen months after the bank opened for business. The bank paid a dividend in every year from 1905 to 1939, inclusive, with the single exception of 1932.

The dividend record in recent years has been:

1935 —	\$ 1.50	per share
1936 —	\$ 2.00	"
1937 —	\$ 2.20	"
1938 —	\$ 2.40	"
first half 1939 —	\$ 1.20	"

The per share dividends are on a basis of the present capitalization of 4,000,000 outstanding shares.

The dividend dates are:

Ex-dividend — March 15, June 15, September 15, December 15.

Payable — March 31, June 30, September 30, December 31.

TABLE 5
BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
THE GROWTH OF DEPOSITS
AND
SURPLUS AND UNDIVIDED PROFITS

<u>December 31</u>	<u>Number of Depositors</u>	<u>Total Deposits</u>	<u>Surplus and Undivided Profits</u>
1904	—	\$ 134,413	\$ 1,203
1905	—	703,024	10,000
1906	—	1,348,723	31,564
1907	—	1,660,324	46,945
1908	—	1,728,898	78,673
1909	—	2,929,494	90,820
1910	—	5,348,151	150,000
1911	—	7,129,456	201,649
1912	—	9,916,018	251,437
1913	—	14,226,242	330,389
1914	—	16,272,563	350,217
1915	—	20,474,872	374,243
1916	90,683	36,804,775	691,452
1917	114,000	72,044,728	1,100,000
1918	161,626	85,937,839	2,000,000
1919	189,511	127,258,625	2,500,000
1920	221,788	140,993,545	3,913,240
1921	291,994	177,867,610	5,036,948
1922	401,798	229,751,526	7,529,844
1923	485,136	276,548,879	8,616,832
1924	550,097	328,963,919	10,561,577
1925	601,370	389,433,242	13,474,172
1926	626,046	416,656,511	16,928,034
1927	1,290,315	645,002,139	25,540,829
1928	1,456,954	698,435,840	55,756,633
1929	1,500,000	893,892,733	58,251,158
1930	1,798,414	998,039,477	54,136,374
1931	1,740,087	749,796,772	54,290,312
1932	1,525,707	700,447,811	49,890,774
1933	1,534,585	767,817,646	49,591,605
1934	1,614,199	978,332,801	47,164,341
1935	1,717,367	1,155,265,464	50,867,307
1936	1,941,733	1,298,976,759	55,024,112
1937	2,123,057	1,357,378,756	59,104,964
1938	2,200,798	1,437,027,491	64,058,600

TABLE 6

**TOTAL RESOURCES AND DEPOSITS OF
LEADING AMERICAN BANKS**

Ranking in the United States		Total Resources as of December 31, 1938	Total Deposits as of December 31, 1938
1	Chase National Bank of New York . . .	\$ 2,523,167,176	\$ 2,234,332,981
2	National City Bank of New York	2,009,182,639	1,835,286,500
3	Guaranty Trust Company of New York . .	1,941,765,661	1,619,978,420
4	BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION	1,574,721,669	1,437,027,490
5	Continental-Illinois National Bank & Trust Co. (Chicago)	1,386,357,129	1,257,555,445
7	First National Bank of Chicago	1,006,684,778	935,567,244
9	First National Bank of Boston	765,080,543	662,094,181
13	Security-First National Bank of Los Angeles .	633,861,610	566,456,478
17	Philadelphia National Bank	486,078,430	434,448,142
18	National Bank of Detroit	425,215,257	391,573,872
21	Cleveland Trust Company	382,722,507	347,361,691
25	Union Trust Co. of Pittsburgh	350,420,798	252,993,443

Bank of America, in total resources, ranked fourth in the United States and ninth in the world.

TABLE 7

LOANS AND DISCOUNTS

OF LEADING AMERICAN BANKS

	Loans and Discounts as of Dec. 31, 1938
Chase National Bank of New York	\$ 650,031,544
National City Bank of New York	531,386,293
Guaranty Trust Company of New York	530,962,286
BANK OF AMERICA NATIONAL TRUST &	
SAVINGS ASSOCIATION	673,828,309
Continental-Illinois National Bank & Trust Co. (Chicago)	166,296,426
First National Bank of Chicago	221,076,836
First National Bank of Boston	289,938,053
Security-First National Bank of Los Angeles	240,429,246
Philadelphia National Bank	74,885,468
National Bank of Detroit	71,376,631
Cleveland Trust Company	123,431,853
Union Trust Co. of Pittsburgh	136,273,016

In some cases, mortgage loans and overdrafts are included in the above figures.

Bank of America took first rank, in the United States, in the total lending figures.

TABLE 8

SECURITY INVESTMENTS OF LEADING AMERICAN BANKS

	In Securities of U.S. Gov- ernment	In State and Municipal Se- curities	In Other Securities	Total Investments
Chase National Bank of New York	\$639,878,092	\$121,822,947	\$156,129,392	\$917,830,431
National City Bank of New York	709,224,694	86,257,122	68,758,413	864,240,229
Guaranty Trust Company of New York	486,310,848	48,921,515	20,506,621	555,738,984
BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIA- TION	412,278,313	102,975,352	39,678,762	554,932,344
Continental-Illinois National Bank & Trust Co. (Chicago)	552,089,385 *	—	64,423,563	616,502,948
First National Bank of Chicago	338,787,525 *	—	79,681,765	418,469,290
First National Bank of Boston	110,703,321	14,072,437	—	124,775,758
Security-First National Bank of Los Angeles	172,559,315	45,551,426	27,041,744	245,152,485
Philadelphia National Bank	158,587,884	13,008,998	52,027,161	223,624,043
National Bank of Detroit	204,981,891 *	—	8,935,298	213,917,189
Cleveland Trust Company	105,887,757 *	—	12,968,757	118,856,514
Union Trust Co. of Pittsburgh	138,881,435 †	—	—	138,881,435

All figures are as of December 31, 1938.

* Including, also, state and municipal investments.

† Including, also, state, municipal, and other investments.

The above figures do not include investments in the capital stock of the Federal Reserve Bank, where the banks reported it as a separate item.

TABLE 9

PERCENTAGE SUMMARY OF LEADING AMERICAN BANKS

	<u>TOTAL RESOURCES IN</u>		
	<u>Cash</u>	<u>Securities</u>	<u>Loans</u>
Chase National Bank of New York	34%	36%	25%
National City Bank of New York	26%	43%	26%
Guaranty Trust Company of New York	41%	28%	28%
BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION	18%	35%	42%
Continental-Illinois National Bank & Trust Co. (Chicago)	42%	44%	12%
First National Bank of Chicago	35%	41%	22%
First National Bank of Boston	42%	16%	38%
Security-First National Bank of Los Angeles	18%	39%	38%
Philadelphia National Bank	36%	46%	15%
National Bank of Detroit	31%	50%	16%
Cleveland Trust Company	32%	31%	32%
Union Trust Co. of Pittsburgh	19%	39%	39%

All figures are as of December 31, 1938.

It will be noted that Bank of America National Trust and Savings Association had the largest percentage of its resources in loans.

TABLE 10

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS, OF LEADING
AMERICAN BANKS**

	COMMON STOCKS	SURPLUS AND UNDIVIDED PROFITS	TOTAL CAPITAL FUNDS
Chase National Bank of New York	\$ 100,270,000	\$ 135,516,709	\$ 235,786,709
National City Bank of New York	77,500,000	60,054,939	137,554,939
Guaranty Trust Company of New York	90,000,000	182,808,420	272,808,420
BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSO- CIATION	50,000,000	64,058,599	114,058,599
Continental-Illinois National Bank & Trust Co. (Chicago)	50,000,000	33,711,537	83,711,537
First National Bank of Chicago	30,000,000	36,470,054	66,470,054
First National Bank of Boston	27,812,500	52,371,683	80,184,183
Security First National Bank of Los Angeles	24,000,000	17,000,000	41,000,000
Philadelphia National Bank	14,000,000	26,225,987	40,225,987
National Bank of Detroit	7,500,000	13,227,615	20,727,615
Cleveland Trust Company	13,800,000	4,465,646	18,265,646
Union Trust Co. of Pittsburgh	1,500,000	82,381,960	83,881,960

All figures are as of December 31, 1938.

TABLE 11

EARNINGS AND DIVIDENDS OF LEADING AMERICAN BANKS

		Net earnings per share, after income adjustments, 1938	Dividends paid per share in 1938	Percentage of net paid in Dividends
	Net earnings 1938			
Chase National Bank of New York	\$14,485,968	\$ 1.96	\$ 1.40	71%
National City Bank of New York .	10,547,750	1.70	1.00	59%
Guaranty Trust Company of New York	12,172,838	13.24	12.00	90%
BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSO- CIATION	14,553,636	3.64	2.40	66%
Continental-Illinois National Bank & Trust Co. (Chicago) . . .	10,250,196	6.83	2.00 *	30%
First National Bank of Chicago . .	1,520,992	15.07	6.50	43%
First National Bank of Boston . .	5,317,343	2.39	2.00	83%
Security-First National Bank of Los Angeles	7,526,925	6.27	3.25	51%
Philadelphia National Bank . . .	5,347,160	7.64	5.00	65%
National Bank of Detroit	2,530,682	3.37	1.00	29%
Cleveland Trust Company	1,908,368	13.83	2.00	14%
Union Trust Co. of Pittsburgh . .	6,138,053	409.20	206.00	50%

* Also a 25% stock dividend.



